

## Message Text

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PAGE 01 STATE 114594  
ORIGIN OPIC-06

INFO OCT-01 EA-09 ISO-00 EB-07 TRSE-00 OMB-01 L-03  
AID-05 /032 R

DRAFTED BY OPIC/ID/NEA:LPHOLLYWOOD:JC  
APPROVED BY EB/IFD/OIA:RDKAUZLARICH  
EB/IFD/OIA:DHSTEBBING  
OPIC/ID/DVP:AMKRAMISH  
EA/K:PRMAYHEW

-----192005Z 090091 /45

R 182151Z MAY 77  
FM SECSTATE WASHDC  
TO AMEMBASSY SEOUL

UNCLAS STATE 114594

FROM OPIC

E.O. 11652: N/A

TAGS: EINV

SUBJECT: OPIC INSURANCE PREMIUMS AND EPB-MOF INTEREST  
RATE GUIDELINES

1. DURING RECENT TDY IN SEOUL, OPIC INSURANCE OFFICER HOLLYWOOD WAS INFORMED BY MARVIN WINSHIP OF WHASHIN TIGER LEASING THAT THE MINISTRY OF FINANCE (MOF) WAS INCLUDING THE OPIC FEE PREMIUM AS PART OF INTEREST RATE IN EVALUATING FOREIGN LOANS. THIS SEEMED TO BE CONFIRMED BY CHUNG ANG HOSPITAL'S (DR. YOUNG) EXPERIENCE WITH BANK OF AMERICA LOAN PROPOSAL. IN CHECKING WITH OTHER U. S. BANKS, HOWEVER, HOLLYWOOD WAS UNABLE TO GET AGREEMENT THAT THIS WAS THE CASE.

2. IN QUESTION IS AN MOF GUIDELINE LIMITING INTEREST RATE  
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TO 2 PERCENT ABOVE LIBO. BANK RATES ARE TYPICALLY 1.75 PERCENT; OPIC FEES RANGE UP TO 1.35 PERCENT (90 PERCENT OF 1.5 PERCENT). OPIC FEELS INCLUSION OF ITS FEES IN GUIDELINE IS IMPROPER AS (A) THE INSURANCE IS OPTIONAL, AND CAN BE DROPPED AFTER ONE YEAR; (B) PARTIAL INSURANCE COVER REDUCES AVERAGE COST; AND (C) DEPENDING UPON BANK'S POLICY, PRESENCE OF OPIC INSURANCE MAY EASE BANK'S INTERNAL

COUNTRY LIMITS THUS MAKING AVAILABLE ADDITIONAL FUNDS TO  
THE COUNTRY AND/OR MAY RESULT IN LOWER INTEREST RATE

THROUGH REDUCING THE RISK TO THE LENDER. NEVERTHELESS,  
IT IS HIGHLY UNLIKELY THAT THE TWO COSTS WILL EVER BE  
WITHIN THE 2 PERCENT CRITERION.

3. OPIC WOULD APPRECIATE EMBASSY CHECKING WITH MOF AND  
EPB TO DETERMINE IF THESE AGENCIES IN FACT ARE INCLUDING  
OPIC FEES WITHIN INTEREST RATE CRITERION. IF SO,  
EMBASSY'S SUGGESTION AS TO PROBABILITY AND METHOD OF  
ELIMINATING OPIC PREMIUM FROM GUIDELINES WILL BE WELCOMED.  
CHRISTOPHER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LOAN INSURANCE, INSURANCE DATA  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition History:** n/a  
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**Drafter:** LPHOLLYWOOD:JC  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Litigation History:**  
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**Message ID:** af545e90-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN OPIC  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Review Release Event:** n/a  
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**SAS ID:** 2463219  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** OPIC INSURANCE PREMIUMS AND EPB-MOF INTEREST RATE GUIDELINES  
**TAGS:** EINV, KS, OPIC  
**To:** SEOUL  
**Type:** TE  
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**Review Markings:**  
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